



IOWA GENERAL ASSEMBLY
LEGISLATIVE SERVICES AGENCY
 DENNIS C. PROUTY, DIRECTOR
 IOWA STATE CAPITOL
 DES MOINES, IA 50319
 515.281.3566
 Fax: 515.281.8027
dennis.prouty@legis.state.ia.us

DIVISIONS

LEGAL SERVICES
 RICHARD L. JOHNSON

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FISCAL SERVICES
 HOLLY M. LYONS

•

COMPUTER SERVICES
 GLEN P. DICKINSON

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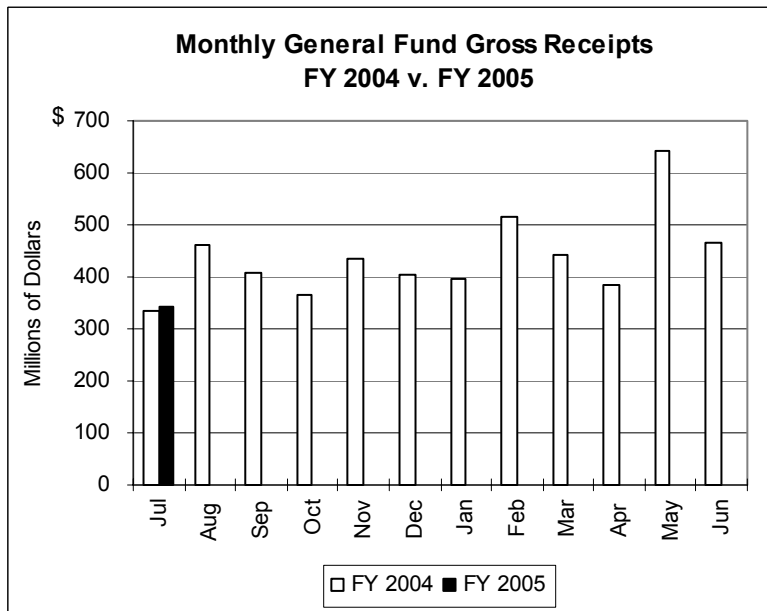
ADMINISTRATIVE SERVICES
 TIMOTHY C. FALLER

MEMORANDUM

TO: Members of the Iowa Senate and
 Members of the Iowa House of Representatives
 FROM: Dennis C. Prouty
 DATE: August 2, 2004

Monthly General Fund Receipts through July 31, 2004

The attached spreadsheet presents year-to-date FY 2005 General Fund receipts, with comparable figures for actual FY 2004. The figures can be compared to the FY 2005 estimate of \$5.229 billion set by the Revenue Estimating Conference (REC) on March 19, 2004. The FY 2004 estimate is a decrease of \$28.4 million (0.5%) compared to actual FY 2004 gross cash receipts (excluding transfers and accrued revenue changes). The current negative growth projection is due to FY 2004 gross cash receipts exceeding REC projections. A date for the next Revenue Estimating Conference has not been set.



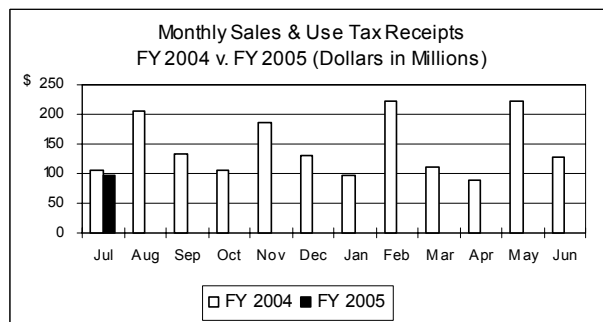
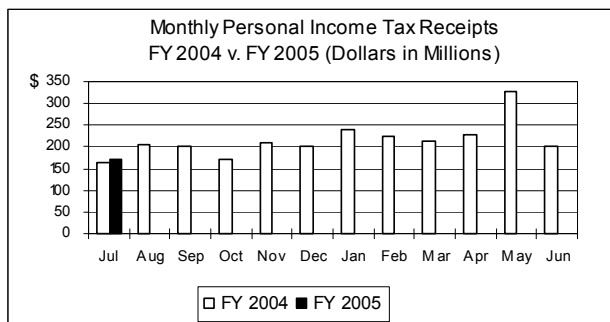
FY 2005 Compared to FY 2004

FY 2005 total cash gross revenues (excluding transfers) increased \$7.9 million (2.4%) compared to FY 2004. Major revenue sources contributing to the change include:

- Personal income tax (positive \$9.4 million)
- Sales & use tax (negative \$7.5 million)
- Corporate tax payments (positive \$1.9 million)
- Other taxes (negative \$7.4 million)
- Other receipts (positive \$11.8 million)

Personal income tax revenues received in July totaled \$171.1 million, an increase of \$9.4 million (5.8%) compared to July 2003.

The FY 2005 REC income tax estimate of \$2.624 billion represents a projected increase of 1.2% compared to actual FY 2004. Withholding tax payments increased 2.4% while estimated income tax payments increased 14.0%. Payments with returns are not a significant revenue source in July. The following Chart compares FY 2005 monthly personal income tax receipts from the three personal income tax sub-categories with FY 2004.



Sales & Use tax receipts received in July totaled \$96.7 million, a decrease of \$7.5 million (- 7.2%) compared to July 2003.

The REC estimate for FY 2005 sales and use tax receipts is \$1.776 billion, an increase of 2.5% compared to actual FY 2004. The preceding Chart compares FY 2005 monthly sales tax receipts with FY 2004.

Corporate tax receipts received in July totaled \$12.7 million, a \$1.9 million increase (17.6%) compared to July 2003. The REC estimate for FY 2005 corporate tax receipts is \$199.7 million, which represents a decrease of 14.9% compared to actual FY 2004.

Other tax receipts received in July totaled \$19.7 million, a \$7.4 million (- 27.3%) decrease compared to July 2003. Franchise tax receipts were down \$1.6 million. A change in the pre-payment date for insurance premium tax decreased July receipts by \$4.4 million.

The REC estimate for FY 2005 receipts from other taxes is \$336.7 million, which represents a decrease of 8.1% compared to actual FY 2004.

Other receipts (non-tax receipts) received in July totaled \$41.8 million, an \$11.8 million (39.3%) increase compared to July 2003. Transfers from the Unclaimed Property Fund contributed to the increase, while fee revenue decreased for the month.

The REC estimate for FY 2005 other receipt revenue is \$293.2 million, which represents a decrease of 11.7% compared to actual FY 2004. The projected decrease relates to transfers from the Unclaimed Property Fund.

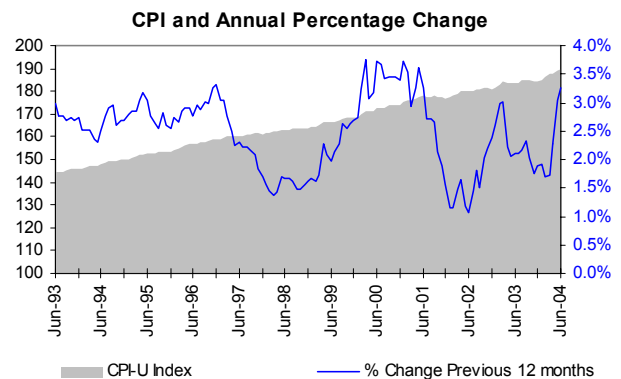
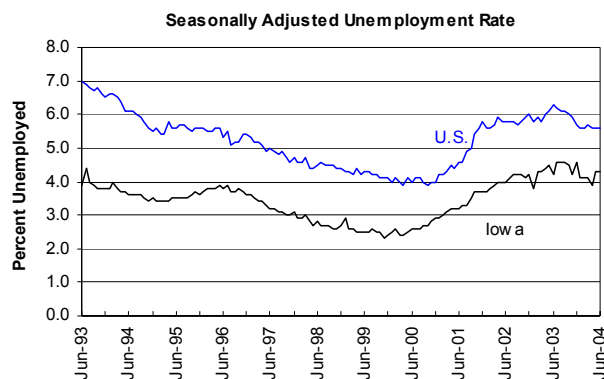
Status of the Economy

The June seasonally adjusted Iowa civilian unemployment rate was 4.3%, unchanged from the May level and 0.2% lower than one year ago. Iowa's total seasonally adjusted June 2004 employment registered at 1,553,400, up 15,000 (1.0%) from last year's June level.

The number of unemployed persons in Iowa was reported at 70,200 in June, a decrease of 3,100 compared to June 2003.

The U.S. unemployment rate for June 2004 was 5.6%, 1.3 percentage points above the Iowa rate. The U.S. rate one year ago was 6.3%.

Consumer prices increased 0.3% during the month of June (not seasonally adjusted). The Consumer Price Index (CPI-U) through June 2004 was 189.7 (1983/84=100), 3.3% higher than one year ago. The following charts illustrate Consumer Price Index and U.S./Iowa unemployment comparisons through May.



Information related to State General Fund receipts is available on the Fiscal Services Division's web site at: <http://staffweb.legis.state.ia.us/lfb/revdebt.htm>.

GENERAL FUND RECEIPTS - FY 2004 vs. FY 2005 July 1 through July 31, in millions of dollars Dollars may not add due to rounding					ESTIMATED GENERAL FUND RECEIPTS in millions of dollars FY 04 Actual Compared to FY 05 REC Estimate		
	FY 2004	FY 2005	Year to Date % CHANGE	July % CHANGE	Actual FY 2004	Estimate FY 2005	Projected % CHANGE
Personal Income Tax	\$ 161.7	\$ 171.1	5.8%	5.8%	\$ 2,592.3	\$ 2,623.7	1.2%
Sales/Use Tax	104.2	96.7	-7.2%	-7.2%	1,732.3	1,776.1	2.5%
Corporate Income Tax	10.8	12.7	17.6%	17.6%	234.8	199.7	-14.9%
Inheritance Tax	7.3	6.7	-8.2%	-8.2%	80.1	72.0	-10.1%
Insurance Premium Tax	5.0	0.6	-88.0%	-88.0%	138.2	114.8	-16.9%
Cigarette Tax	7.0	6.8	-2.9%	-2.9%	87.1	84.1	-3.4%
Tobacco Tax	0.8	0.8	0.0%	0.0%	8.0	8.1	1.0%
Beer Tax	1.3	1.4	7.7%	7.7%	14.0	14.0	0.0%
Franchise Tax	3.3	1.7	-48.5%	-48.5%	38.0	42.2	11.0%
Miscellaneous Tax	2.4	1.7	-29.2%	-29.2%	1.1	1.5	39.1%
Total Special Taxes	\$ 303.8	\$ 300.2	-1.2%	-1.2%	\$ 4,925.9	\$ 4,936.2	0.2%
Institutional Payments	1.5	1.0	-33.3%	-33.3%	13.7	14.7	7.4%
Liquor Profits	2.8	2.8	0.0%	0.0%	58.0	54.0	-6.9%
Interest	0.4	0.5	25.0%	25.0%	7.6	4.4	-41.8%
Fees	6.2	2.8	-54.8%	-54.8%	79.9	65.0	-18.6%
Judicial Revenue	6.1	6.4	4.9%	4.9%	57.5	57.3	-0.3%
Miscellaneous Receipts	2.1	18.2	766.7%	766.7%	55.3	37.8	-31.7%
Racing and Gaming Receipts	10.9	10.1	-7.3%	-7.3%	60.0	60.0	0.0%
TOTAL GROSS RECEIPTS	\$ 333.8	\$ 342.0	2.5%	2.5%	\$ 5,257.8	\$ 5,229.4	-0.5%